

**A brief account of Chapter 2 of Report No. 74  
“Sports Federation & Olympic Committee of Hong Kong, China”  
by the Director of Audit  
at the Public Hearing of the Public Accounts Committee  
of the Legislative Council on Monday, 25 May 2020**

Mr. Chairman,

Thank you for inviting me here to give a brief account of Chapter 2 of Report No. 74 of the Director of Audit, entitled “Sports Federation & Olympic Committee of Hong Kong, China”.

This Audit Report comprises four PARTs.

**PART 1 of the Report, namely “Introduction”, describes the background of the audit.**

The Sports Federation & Olympic Committee of Hong Kong, China (SF&OC) is recognised by the International Olympic Committee (IOC) as the National Olympic Committee (NOC) of Hong Kong, China responsible for the development and promotion of sports in accordance with the Olympic Charter, the statutes for IOC. According to the Olympic Charter, SF&OC, being an NOC, must preserve its autonomy and resist all pressures of any kind which may prevent it from complying with the Olympic Charter.

SF&OC is underpinned by a Secretariat, the Office of the Hong Kong Athletes Career and Education Programme (HKACEP) and the Office of the Hong Kong Anti-Doping Committee (HKADC). In addition, SF&OC has three affiliated companies, including the Management Company of Olympic House Limited (MCOHL). In 2018-19, government funding to SF&OC and MCOHL amounted to \$31.2 million and \$7.7 million respectively, totalling \$38.9 million. The Home Affairs Bureau (HAB) will increase its recurrent subvention to SF&OC from \$20 million in 2019-20 to \$40.6 million in 2020-21.

**PART 2 of the Report examines the operation of SF&OC.**

SF&OC is responsible for selecting athletes to participate in the Hong Kong, China Delegation according to the nominations submitted by National Sports Associations (NSAs). Up to 29 February 2020, some of the best practices set out in “Best Practice Reference for Governance of National Sports Associations — Towards Excellence in Sports Professional Development” drawn up by the Independent Commission Against Corruption in

December 2011 were yet to be implemented. In a case in 2018, there was scope for enhancing the transparency and accountability in selecting athletes to participate in an international game. Moreover, although SF&OC's NSA members should comply with the requirements of the Olympic Charter, the Code of Ethics of IOC, etc., there is no mechanism in place to ensure their compliance.

Through HKACEP, SF&OC delivers three core provisions for elite athletes in Hong Kong, namely Career, Education and Life Skills. As at 31 March 2019, of the 69 athletes who had joined an English course under HKACEP for more than 4 years, 40 (58%) had failed to advance at least one grade level; whereas as at 31 December 2019, 11 scholarships under HKACEP, which had been approved more than 2.5 years ago, had not been claimed by the athletes concerned.

For the purpose of conducting doping tests, athletes are required to submit to the Office of HKADC information relating to their whereabouts on a quarterly basis and as and when required. Since some athletes could not be located, there were unsuccessful attempts to conduct the tests. The Audit Commission (Audit) examined 10 of the 69 unsuccessful attempts in 2018-19 and found that the Office of HKADC did not always send e-mails to follow up with the athletes concerned, nor were there any requirements on the number of attempts to be made to locate an athlete; and, contrary to the anti-doping requirement, the athletes had not been asked at any point in time to provide explanations on why they could not be located.

MCOHL manages and allocates spaces in the Olympic House for use by SF&OC and its affiliated companies, NSAs and sports-related organisations. Audit noted that the over-crowding of NSA staff in the Olympic House was a long-lasting issue. Despite MCOHL's right to allocate office spaces to NSAs based on the numbers of their staff, there were large variations among the average floor area per NSA staff. Also, there was a need to improve the low usage rate of the meeting venues in the Olympic House, and conversion into office spaces may also be considered.

Audit also examined procurement issues of SF&OC and MCOHL and found scope for improvement in procurements conducted in the period 2016-17 to 2018-19. For instance, only a single quotation, or less than required number of quotations were obtained in certain procurements. There were also no guidelines on reimbursements of expenses.

**PART 3 of the Report examines HAB's provision of subventions as well as its monitoring efforts.**

Audit noted that the Secretariat, the Office of HKACEP, the Office of HKADC and MCOHL had incurred operating deficits repeatedly since 2014-15. In the period 2016-17 to 2018-19, HAB did not always disburse recurrent subventions to SF&OC in a timely manner. This caused disruptions on the cashflow of SF&OC and hence resulted in operational difficulties. In addition, there was cross-subsidisation of two affiliated companies operating on a self-financing basis by SF&OC's subvented programmes, contrary to government requirements.

Regarding HAB's monitoring efforts, Audit also found a few issues where improvement could be made. For instance, in the period 2014-15 to 2017-18, MCOHL did not report its achievement of performance indicators to HAB; and in the period 2014-15 to 2018-19, the Office of HKADC and MCOHL failed to achieve some performance indicators.

**PART 4 of the Report examines the governance issues of SF&OC.**

SF&OC is governed by a Board of Officers, which is supported by 29 committees. Audit noted that in the period March 2017 to December 2019, for the 7 committees which had laid down their estimated frequency of meetings, the numbers of meetings held for 6 committees were less than estimated; for the other 22 committees which had not laid down their frequency of meetings, no meetings were held for 11 committees. During the same period, the number of members who did not attend any meetings totalled 61. Audit also noted that in the 8 meetings where declarations of interest were made, rulings on the declared interests and the related deliberations were not documented in 4 meetings, contrary to SF&OC requirements.

In the light of the audit findings, Audit has made recommendations to HAB and SF&OC, and both have accepted our recommendations. I would like to take this opportunity to acknowledge with gratitude the full cooperation, assistance and positive response of the staff of HAB and SF&OC during the course of the audit review.

Thank you, Mr. Chairman.